

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268

DSCF STANDARD MAIL LOAD LEVELING

Docket No. N2014-1

**UNITED STATES POSTAL SERVICE NOTICE OF FILING LIBRARY  
REFERENCES AND APPLICATION FOR NON-PUBLIC TREATMENT**  
(January 31, 2014)

In accordance with Rule 31(b)(2), the United States Postal Service provides notice today that it is filing the following public and non-public Category 4 library references in Docket No. N2014-1:

USPS-LR-N2014-1/17	South Jersey Operations Test Results (Revised) Data Responsive to POIR 1, Question 3
USPS-LR-N2014-1/NP5	Material Responsive to POIR 1, Question 6
USPS-LR-N2014-1/NP6	Disaggregated Table 2 Dropship/DSCF Volume and Service Performance Data Provided in Response to Interrogatory PR/USPS-T1-26

USPS Library Reference USPS-LR-N2014-1/17 provides revised South Jersey Operations Test Results. This analysis applies the volume variable delivery factor to city carrier hours. This library reference also includes information on city carrier office hours, street hours and other hours.

USPS Library Reference USPS-LR-N2014-1/NP5 provides information responsive to the Presiding Officer's request for information related service performance measurements the weeks prior, during and after the South Jersey Operations Test (POIR 1, Question 6). The Postal Service regards such information to be commercially-sensitive and proprietary information that should not be released into the public domain. Accordingly, it is providing the USPS

Library Reference N2014-1/NP5 as a non-public library reference. An application for non-public treatment of USPS Library Reference N2014-1/NP5 is attached to this Notice.

USPS Library Reference USPS-LR-N2014-1/NP6 includes product-specific volumes delivered within the service area of each Destination Sectional Center Facility. USPS-LR-N2014-1/NP6 also provides information relating to service performance data in response to interrogatory PR-USPS-T1-26. The Postal Service regards such information to be commercially-sensitive and proprietary information that should not be released into the public domain. Accordingly, it is providing the USPS Library Reference N2014-1/NP6 as a non-public library reference. An application for non-public treatment of USPS Library Reference N2014-1/NP6 is attached to this Notice.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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## ATTACHMENT 1

### UNITED STATES POSTAL SERVICE APPLICATION FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,<sup>1</sup> the United States Postal Service (Postal Service) applies for non-public treatment of certain materials filed under seal with the Commission. The materials sought to be protected are included in USPS Library Reference USPS-LR-N2014-1/NP5 and consist of data reflecting facility-specific and product-specific performance measurements related to the South Jersey Operations Test.

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The materials consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3).<sup>2</sup> Because the materials that the Postal Service is applying to file under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that

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<sup>1</sup> Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1 (June 19, 2009).

<sup>2</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, at 11 (Mar. 20, 2009).

these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

None.

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

USPS-LR-N2014-1/NP5, the material claimed to be non-public, provides operations-specific data reflecting facility-specific and product-specific performance measurements related to the South Jersey Operations Test.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the operation-specific mail performance measurement data that the Postal Service has determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. When such data are associated with specific facilities, competitors could use the information to identify geographic locations where it would be profitable for such competitors to extend or build up their delivery networks. The Postal Service considers this to be highly a probable outcome that would result from public disclosure of the material filed non-publicly.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

**Identified harm:** Public disclosure of information contained in Library Reference USPS-LR-N2014-1/NP5 would help competitors capture portions of the Postal Service's market share, by facilitating the identification of geographic locations where it would be profitable for such competitors to extend or build up their delivery networks.

**Hypothetical:** Unlike the Postal Service, whose universal service obligation requires its delivery network to extend throughout the entire country, a distributor of matter mailable as Destination Sectional Center Facility (DSCF) Standard Mail may have left portions of the country out of its network or underserved by its network. By analyzing the facility-specific daily service performance measurement data contained in USPS-LR-N2014-1/NP5, the company identifies geographic locations where, based on the service performance data, it would be profitable for the company to extend or further build up its network. By taking these steps, the company is in a better position to compete with the Postal Service and capture portions of the Postal Service's market share of advertising materials or other matter that can be sent as DSCF Standard Mail.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets, as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service should not be provided access to the nonpublic materials.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30. The Postal Service believes that the ten-year period of non-public treatment is sufficient to protect its interests with regard to the information covered by this application.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the reasons discussed above, the Postal Service requests that the Commission grant its application for non-public treatment of the identified materials.

## ATTACHMENT 2

### APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,<sup>1</sup> the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed under seal with the Commission. The materials sought to be protected comprise USPS-LR-N2014-1/NP6 and consist of a spreadsheet reflecting disaggregated Destination Sectional Center Facility (DSCF) Standard Mail volumes destinating throughout the postal system and service performance data.

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The data designated as nonpublic consists of commercial information revealing product-specific volumes delivered within the service area of each Destination Sectional Center Facility and service performance data which, under good business practice, would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, the Postal Service does not believe that any commercial enterprise would voluntarily publish disaggregated product-specific data reflecting the destinating volumes and service performance for particular markets or service areas. In

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<sup>1</sup> Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1 (June 19, 2009).

the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>2</sup>

The materials consist of information of a commercial nature that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4). Because the materials that the Postal Service is applying to file under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;**

None.

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

In USPS-LR-N2014-1/NP6, the material claimed to be non-public consists of DSCF Standard Mail volume destinating the service area of each Destination Sectional

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<sup>2</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, PRC Docket No. RM2008-1, Mar. 20, 2009, at 11.



Center Facility and service performance data for Fiscal Year 2013. The information is disaggregated by facility where the dropship appointment was scheduled and arrived.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the information that the Postal Service has determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. When the volume and service performance data are associated with the specific destinations or the markets they represent, competitors could use the information to identify geographic locations where it would be profitable for such competitors to extend or build up their delivery networks, or alternative channels for dissemination of matter currently mailed as DSCF Standard Mail. Vendors from whom the Postal Service purchases equipment could use the information to their advantage in negotiating equipment prices. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the product-specific mail volumes and service performance data being filed here non-publicly.

If the redacted information or information of a similar character or level of disaggregation were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. This information is clearly commercially sensitive to the Postal Service as a competitor in the physical delivery market. Disclosure of the volume of DSCF Standard Mail delivered within a particular market, as

defined by the service area of a specific P&DC or portion thereof, would unfairly, to the economic detriment of the Postal Service, permit competitors to:

- gain specific insight into local Postal Service customer behavior;
- better gauge the size of the delivery market in specific service areas;
- develop strategies for determining what marketing resources to devote to further penetration of specific local markets; and
- more keenly determine the direction in which to adjust the prices for their products that compete with DSCF Standard Mail.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

**Identified harm:** Public disclosure of product-specific volume and service performance data in USPS Library Reference USPS-LR-N2014-1/NP6 would be used by competitors of the Postal Service to the detriment of the Postal Service.

**Hypothetical:** A competitor's representative obtains access to data of the disaggregated data for particular localities contained in USPS Library Reference USPS-LR-N2014-1/NP6. It analyzes the data to assess the nature and scale of that portion of the Postal Service's delivery business consisting of DSCF Standard Mail destinating in particular markets (defined by ZIP Code or other origin-destination pairs or plant-to-plant pairs) in which that competitor operates or seeks to operate. Based upon these data, the competitor assesses the extent to which it wishes to adjust its hard copy or electronic message delivery or parcel delivery service offerings, prices, operations and marketing strategies and activities to compete for the mail volume represented by these data. That competitor gains valuable market intelligence without having to make an investment in research. The competitor then can tailor marketing and/or pricing

campaigns to acquire customers' business with the consequent loss of volume, revenue, and market share to the Postal Service, which has no similar ability to access to data regarding its competitors' volumes. In addition, the competitor could use the data to make advertising claims to potential customers, to the detriment of the Postal Service and its competitive position.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets, and from actual or potential vendors, as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service should not be provided access to the nonpublic materials.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30. The Postal Service believes that the ten-year period of non-public treatment is sufficient to protect its interests with regard to the information covered by this application.

**(8) Any other factors or reasons relevant to support the application.**

None.

***Conclusion***

For the reasons discussed above, the Postal Service requests that the Commission grant its application for non-public treatment of the identified materials.